

Message Text

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PAGE 01 RANGOO 02578 231225Z

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C O N F I D E N T I A L RANGOON 2578

E.O. 11652: GDS

TAGS: PINT, SNAR, BM

SUBJ: BCP AND OPIUM TRADE

FOLLOWING IS TEXT OF REPORT FROM AMCONSUL MANDALAY.

BEGIN QUOTE:

1. SUMMARY. THE BCP (BURMA COMMUNIST PARTY) HAS BEEN ACTIVELY INVOLVED IN THE OPIUM TRADE FOR ABOUT FIVE YEARS. IT CONTROLS THE ENTIRE NARCOTICS PROCESS IN ITS AREAS FROM THE CULTIVATION OF POPPIES THROUGH REFINING TO TRANSPORTATION AND SALE TO THAI MERCHANTS. END SUMMARY.

2. ACCORDING TO A KNOWLEDGEABLE GUB OFFICIAL WHO HAS BEEN INVOLVED IN GUB ANTI-NARCOTICS OPERATIONS FOR THE PAST TWENTY YEARS (HE CLAIMS TO HAVE CONFISCATED 150-200 TONS OF OPIUM AND OTHER NARCOTICS DURING HIS CAREER), THE BCP FIRST BECAME INVOLVED IN THE NARCOTICS TRADE ABOUT FIVE YEARS AGO WHEN PENG CHIA-SHENG (STC: 1756-1367-5116) DEFECTED FROM THE LO HSING-HAN KHAKWEYI ORGANIZATION TO THE BCP. PENG HAD, IT IS SAID, PLAYED AN IMPORTANT ROLE IN THE HANDLING OF THE NARCOTICS TRADE FOR LO HSING-HAN. USING HIS EXPERIENCE AND CONTACTS, THE BCP WAS ABLE TO ESTABLISH ITSELF

CONFIDENTIAL

PAGE 02 RANGOO 02578 231225Z

IN THE NARCOTICS TRADE.

3. THE BCP'S INVOLVEMENT IN THE NARCOTICS TRADE IS DIRECT AND VERTICALLY INTEGRATED. IT CONTROLS THE NARCOTICS PROCESS FROM THE PLANTING OF POPPIES TO REFINING TO TRANSPORTATION AND SALE TO THAI MERCHANTS. IT DOES NOT, AS ONE MIGHT SUSPECT, OPERATE THROUGH MIDDLEMEN IN AREAS UNDER ITS CONTROL, OR TAX PRIVATE TRADERS; IT RUNS THE ENTIRE PROCESS ITSELF.

4. THE BCP CONTROLS AREAS IN THE KOKANG STATE AND ELSEWHERE IN THE NORTHERN SHAN STATE EAST OF THE SALWEEN WHICH CONTAIN SOME OF THE BEST POPPY GROWING REGIONS IN THE ENTIRE GOLDEN TRIANGLE AREA. TRIBESPEOPLE IN THESE AREAS ARE PAID ABOUT 100 KYATS A VISS (3.6 POUNDS) LESS FOR THEIR PRODUCTION THAN IS CUSTOMARY ELSEWHERE IN THE SHAN STATE; THE FARMERS HAVE NO ALTERNATIVE BUYER AND MUST TAKE THE LOWER PRICE.

5. SOME RAW OPIUM IS THEN TRANSPORTED TO A BCP REFINERY NORTH OF KUNLONG WHERE IT IS REFINED TO MORPHINE BASE. THE REMAINDER IS SHIPPED SOUTH IN RAW FORM. THE BCP REFINERY DOES NOT MANUFACTURE HEROIN BECAUSE OF THE DIFFICULTY OF TRANSPORTING THE CHEMICALS NEEDED INTO THE REFINERY OVER THE ROUGH TERRAIN OF THE BORDER AREA. BEFORE THE COMMUNIST TAKEOVER OF LAOS MOST BCP PRODUCED OPIUM OR MORPHINE BASE WAS TRANSPORTED TO LAOS AND SOLD THERE. NOWADAYS IT IS TRANSPORTED THROUGH THE SOUTHERN SHAN STATE, POSSIBLY BY MIDDLEMEN IN AREAS OUTSIDE OF COMMUNIST CONTROL, AND SOLD TO THAI MERCHANTS.

6. COMMENT: THE BURMESE OFFICIAL FROM WHOM THE INFORMATION IN THIS MESSAGE WAS OBTAINED AGREED WITH SPECULATION THAT ONE REASON FOR BCP INVOLVEMENT IN OPIUM TRADE MAY BE THAT TO SUPPRESS THE OPIUM TRADE IN THE NORTHERN SHAN STATE WOULD BE TO DEPRIVE MANY TRIBESPEOPLE OF THEIR MEANS OF LIVELIHOOD; THIS WOULD BE DIFFICULT FOR THE BCP TO DO IN VIEW OF THE FACT THAT BCP MILITARY UNITS AND THE BCP ITSELF AT LOWER LEVELS ARE LARGELY MADE UP OF TRIBESPEOPLE FROM THE OPIUM PRODUCING AREAS. END QUOTE. RANGOON COMMENT: THE INFORMATION IN THIS REPORT AGREES

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PAGE 03 RANGOO 02578 231225Z

GENERALLY WITH RANGOON HOLDINGS. AS STATED ABOVE, PARA 5, THERE HAVE BEEN INDICATIONS THAT THE BCP IS INDEED ENGAGED IN SOME REFINING OPERATIONS IN AREAS UNDER ITS CONTROL. HOWEVER, CONSIDERABLE REPORTING HAS INDICATED THAT THE BCP DOES NOT CONTROL THE ENTIRE PROCESS OF TRANSPORTING NARCOTICS TO THE THAI-BURMA BORDER. THERE IS GROWING EVIDENCE THAT THE BCP HAS NEGOTIATED SALES OF OPIUM AND DERIVATIVES TO PRIVATE ENTREPRENEURS IN NORTHERN ANDR

EASTERN SHAN STATE FROM WHENCE IT IS THEN TRANSPORTED
TO THE BORDER MARKETS. THERE HAS BEEN NO VALIDATED
EVIDENCE THAT THE BCP TRANSPORTED OR SOLD OPIUM IN
LAOS.
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